

THE TORONTO STOCK EXCHANGE

FILING STATEMENT NO. 1637.
FILED, AUGUST 22nd, 1968.

CANADIAN NISTO MINES LIMITED

Incorporated under laws of Ontario as Nisto Mines Limited, Letters Patent November 24, 1948. Name changed and capital reorganized by Supplementary Letters Patent dated August 19, 1966.

Particulars of incorporation (e.g., Incorporated under Part IV of the Corporations Act, 1953 (Ontario) by Letters Patent dated May 1st, 1957).

FILING STATEMENT

(To be filed with respect to any material change in a company's affairs, including among other things, an underwriting and option agreement, an issue of shares for property and a proposed re-organization.)

1. Brief statement of the material change in the affairs of the company in respect of which this statement is filed.	(a) Acquisition of 1,245 mining claims Baie-Johan-Beetz - Havre-St. Pierre area, Quebec. (b) Offering of rights to shareholders to purchase a maximum of 600,000 shares. (c) Underwriting agreement to ensure receipt of the full amount of \$240,000 realizable under such rights offering.
2. Head office address and any other office address.	Suite 202, 185 Bay Street, Toronto, Ontario.
3. Names, addresses and chief occupations for the past five years of present or proposed officers and directors.	President and Director: ELMORE M. DILLMAN, 2050 Stavebank Rd. N., Cooksville, Professional Engineer, Prospector and Developer. Vice-President and Director: CHARLES B. WALLACE, 28 Upper Canada Drive, Willowdale, Ontario, Insurance Executive and Real Estate Broker. Secretary-Treasurer and Director: JAY ROSS, Cheltenham, Ontario, Bookkeeper. Director: W. NOEL O'BRIEN, 1 Paddington Place, Toronto, Mining Engineer, Denison Mines Limited. Director: R. J. REYNOLDS, 17 Regis Drive, Willowdale, Ontario, Vice-President and Secretary, Lake Ontario Cement Limited. Messrs. O'Brien and Reynolds were elected Directors at the Annual Meeting held recently in replacement of W. D. MacLean and J. Lane Dillman who had resigned.
4. Share capitalization showing authorized and issued and outstanding capital.	Authorized: 5,000,000 shares, \$1 par value. Issued: 3,000,000 shares, all fully paid.
5. Particulars in respect of any bonds, debentures, notes, mortgages, charges, liens or hypothecations outstanding.	None
6. Details of any treasury shares or other securities now the subject of any underwriting, sale or option agreement or of any proposed underwriting, sale or option agreement.	(See Schedule "A" on page 3.)
7. Names and addresses of persons having any interest, direct or indirect in underwritten or optioned shares or other securities or assignments, present or proposed, and, if any assignment is contemplated, particulars thereof.	Denison Mines Limited, 20th Floor - 4 King Street West, Toronto, a public mining company.
8. Any payments in cash or securities of the company made or to be made to a promoter or finder in connection with a proposed underwriting or property acquisition.	None

<p>9. Brief statement of company's future development plans, including proposed expenditure of proceeds of sale of treasury shares, if any.</p>	<p>The Company will realize \$240,000 from the proposed rights offering. The sum of \$99,950.19 will be paid by the Company to E. M. Dillman in purchase of a large number of mining claims, pursuant to the agreement referred to in item 11 hereof. It is proposed to use approximately \$85,000 to initiate and possibly carry through to conclusion a program of exploration over the claims to be acquired from Mr. Dillman, and reference is made to the report of Penton Scott, Geologist, dated June 24, 1968 and which accompanies this filing statement. The Company has agreed that Denison Mines Limited shall have over-all control and supervision of exploration, including the extent and continuation of same.</p> <p>Any funds received and remaining to the Company after payment for the foregoing will form a part of the general funds. Limited programs of work will be carried out this year over the Company's existing properties. This will consist of detailed prospecting over the Courtemanche Township (Havre-St.Pierre) property and continued investigation of the Patapedia area project and the Gaspé interests of the Company.</p> <p>The Company will not purchase any securities other than those eligible for investment by insurance companies, unless prior notice has been given to and accepted for filing by the Toronto Stock Exchange.</p>
<p>10. Brief statement of company's chief development work during past year.</p>	<p>On the Company's property in Courtemanche Township, Havre-St. Pierre area, Quebec, work consisted of an aerial scintillometer survey, ground surveys, stripping, trenching and approximately 5,000 feet of diamond drilling, at a cost of about \$48,000.</p> <p>An exploration program was carried out over claims in the Patapedia area of Quebec and New Brunswick, in which the Company holds a one-third interest. This was made up of reconnaissance silt sampling, geophysical and geochemical surveys. Five copper-zinc anomalies were located and are being further investigated. Cost to the Company has been about \$10,000 to date.</p> <p>Geophysical and geological work was continued on the claims in the Gaspé Park area of Quebec in which the Company holds interests varying from one-half to one-quarter. Cost to the Company was \$5,600 during the year.</p> <p>Limited work was done on the claims in the Jacquet River area of New Brunswick and the Timmins area of Ontario, at respective costs of \$2,000 and \$3,750. The interests in the Antipodes project (Gaspé) and leases in Washington County, Maine, U.S.A. have been maintained. An option held on a claim group in Lesseps Township (one-half interest) was extended for a further year to April, 1969. No work was done on any of these last three projects.</p>
<p>11. Names and addresses of vendors of any property or other assets intended to be purchased by the company showing the consideration to be paid.</p>	<p>(See Schedule "B" on page 4.)</p>
<p>12. Names and addresses of persons who have received or will receive a greater than 5% interest in the shares or other consideration to be received by the vendor. If the vendor is a limited company, the names and addresses of persons having a greater than 5% interest in the vendor company.</p>	<p>Elmore M. Dillman, 2050 Stavebank Road N., Cooksville, Ontario.</p>
<p>13. Number of shares held in escrow or in pool and a brief statement of the terms of escrow or the pooling agreement.</p>	<p>None</p>
<p>14. Names and addresses of owners of more than a 5% interest in escrowed shares and their shareholdings (If shares are registered in the names of nominees or in street names, give names of beneficial owners, if possible.)</p>	<p>Not applicable.</p>

SCHEDULE "A"

The Company has granted to its President, Elmore M. Dillman, Professional Engineer, a management option on 75,000 shares. The option is exercisable at 40 cents per share, at any time and from time to time, in whole or in part, until July 31, 1969. The option is personal and not assignable.

The Company intends to offer to its shareholders of record at a record date which will be fixed by the directors, the right to purchase at the price of 40¢ per share from treasury, one additional share in the capital of the Company for every five shares held at the record date. Subscriptions for fractional shares will not be accepted. The new issue will not be registered under The Securities Act of 1933 of the United States of America and the shares will not be offered to shareholders whose recorded addresses are in the United States or any of its territories or possessions. The rights to purchase such shares will be transferable and the rights will be traded in on the Toronto Stock Exchange until shortly before they expire. There is understood to be no objection to a United States shareholder selling his rights. The offering of such shares will terminate four weeks after the record date.

It is expected that the record date will be established as a date in late August or early September following acceptance for filing of notice of the proposed offering by the Toronto Stock Exchange and exemption from registration for the shares to be offered to the shareholders under The Securities Act, 1966 (Ontario). Denison Mines Limited of Toronto, acting as principal on its own behalf and acting for investment purposes and not with a view to re-sale or distribution of such shares, has agreed with the Company that at the termination of the rights offering it will purchase at the said price of 40¢ per share such number of treasury shares of the Company (if any) the proceeds of which when added to the proceeds of the sale of shares upon exercise of rights by shareholders will provide the Company with the full sum of \$240,000 which is realizable by the Company if all shares offered are in fact sold.

In the event that Denison Mines Limited shall at a later date desire to offer any shares so purchased by it in primary distribution, such shares shall be offered in primary distribution in Ontario only and in accordance with the provisions of The Securities Act, 1966. If called upon to do so by Denison, the Company must at that time file a statement of material facts respecting such shares.

The Company is making application forthwith to the Ontario Securities Commission for an exemption from registration under The Securities Act, 1966, covering the shares which shall be purchased by shareholders under the rights offering.

The agreement with Denison Mines Limited is conditional upon the foregoing and also upon the Company acquiring the mining claims referred to in Item 11 hereof.

SCHEDULE "B"

Under an agreement made July 8, 1968 between the Company and E.M. Dillman, who is the President of the Company, the Company will acquire from Mr. Dillman all right, title and interest under the Quebec Mining Act, in 1,245 mining claims located in the Baie-Johan-Beetz - Havre-St. Pierre area, North Shore region, Province of Quebec. Of these claims 1,060 were staked and recorded by Mr. Dillman as uranium prospect claims and 185 were staked and recorded as a copper prospect. The Company will pay Mr. Dillman a total of \$99,950.19 under the agreement. Of this sum \$41,457.97 will repay him the cost of staking and recording the uranium prospect claims, and \$9,759.78 will repay him the cost of staking and recording the copper prospect claims. The sum of \$38,417.11 of the above total amount to be paid to Mr. Dillman is to repay him the cost of some 15,000 miles of aerial radiometric surveys flown over the uranium prospect for Mr. Dillman during 1967, and the costs of related engineering, supervision, interpretation and related matters. The further sum of \$10,315.33, making up the foregoing total consideration, is the cost, to date in 1968, borne by Mr. Willman in the mobilization of a work program for the property for the current exploration season, including costs of a base camp, supplies and aerial mosaics. Reference is made to the accompanying report of Fenton Scott, Geologist, dated June 24, 1968 for a review of the exploration program carried out last year and for recommendations for this year's program. The agreement with Mr. Dillman provides that the sum of \$10,315.22 referred to above will be paid to Mr. Dillman immediately upon the agreement becoming effective (acceptance for filing by the Toronto Stock Exchange of the matters referred to in this filing statement, and exemption under The Securities Act, 1966 for the shares to be purchased by shareholders under the rights offering). Title to the claims will pass to the Company at such time. The remaining \$89,634.86 of the total consideration will be paid to Mr. Dillman by the Company within four days after the termination of the rights offering, and out of funds to be received by the Company from the rights offering. All maps, reports, data and information possessed with respect to the property and the work done thereon in 1967, become the property of the Company under the agreement.

FINANCIAL STATEMENTS

CANADIAN NISTO MINES LIMITED (Incorporated under the laws of Ontario)

BALANCE SHEET

May 31, 1968

A S S E T S

CURRENT ASSETS

Cash in bank	\$ 20,113.10
Marketable securities at cost (market value - \$20,000.00)	21,095.00
Accounts receivable	1,000.00
	<hr/>
	42,208.10

MINING CLAIMS (note 1) 5,381.00

OPTION TO PURCHASE MINING CLAIMS (note 2) 15,000.00

PARTICIPATION IN MINING SYNDICATES - at cost 1,050.00

PROSPECTING EQUIPMENT - at cost 2,275.17

DEFERRED EXPENDITURE 231,102.04

\$297,016.31

L I A B I L I T I E S

CURRENT LIABILITIES

Accounts payable \$ 3,997.01

SHAREHOLDERS' EQUITY

Capital stock	
Authorized - 5,000,000 shares of \$1 each	
Issued and fully paid 3,000,000 shares	\$3,000,000.00
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Less discount	2,706,000.00
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	294,000.00
Deduct deficit	<hr/>
	980.70
	<hr/>
	293,019.30

\$ 297,016.31

The appended notes to the balance sheet are an integral part of the above statement.

Approved on behalf of the Board:-

Cliff Sullivan Director

James Director

CANADIAN NISTO MINES LIMITED

NOTES TO FINANCIAL STATEMENTS

May 31, 1968

1. MINING CLAIMS

(a) Acquired by staking or by lease and recorded at nominal valueTimmins Area, Ontario

50% interest in 9 claims in Reid Township, Porcupine Mining Division, Ontario	\$1.00
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Gaspe Park Area, Quebec

1/3% interest in 3 claims in Townships of Joffre and Lesseps, Quebec	
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1/3% interest in 7 claims in Townships of Joffre and Le clerq, Quebec	
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1/2% interest in 6 claims in Township of Lesseps, Quebec	
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1/4% interest in 8 claims in Township of Holland, Quebec	1.00
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Jacquet River Area, New Brunswick

90% interest in 30 claims in Restigouche County, New Brunswick	1.00
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Havre - St. Pierre Area, Quebec

78 claims in Township of Courtemanche, Quebec	1.00
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Patapedia Area, Quebec and New Brunswick

1/3% interest in 23 claims in Township of Patapedia, Quebec and 111 claims in New Brunswick	1.00
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Washington County Area, Maine

1/2% interest in 3 leases in Washington County, State of Maine, U.S.A.	1.00	\$ 6.00
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(b) Acquired for cash

10% interest in 30 mining claims held in trust by Antipodes Explorations Limited for the benefit of the company	5,375.00
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<u>\$5,381.00</u>

2. OPTION ON CLAIMS

The company holds an option to purchase 15 mining claims in Lesseps Township, Quebec, acquired for the sum of \$15,000 cash. To exercise the option in full, the company must deliver to the optionor 300,000 vendor shares of a new company to be incorporated on or before April 30, 1968.

Pursuant to a letter of confirmation, dated March 27, 1968, this option was extended to March 1969.

CANADIAN NISTO MINES LIMITED

STATEMENT OF DEFERRED EXPENDITURE

	Balance at <u>Jan. 1/68</u>	Expenditure in 5 months to <u>May 31/68</u>	Balance at <u>May 31/68</u>
<u>GENERAL EXPLORATION, STAKING COSTS AND PROPERTY EXAMINATIONS</u>			
Timmins Area, Ontario	\$ 26,449.90	\$ 100.00	\$ 26,549.90
Washington County, Maine	12,444.01		12,444.01
Lesseps Township, Gaspé Park, Quebec (Option)	23,355.43		23,355.43
Gaspé Park, Quebec	32,721.88	11.96	32,733.84
Patapédia Area, Quebec and New Brunswick	9,557.01	4,975.81	14,532.82
Gaspé Park, Quebec (Antipodes)	3,682.47		3,682.47
Havre - St. Pierre Area, Quebec	47,638.94	28,468.73	76,107.67
Jacquet River Area, New Brunswick	2,086.30		2,086.30
	<hr/>	<hr/>	<hr/>
	\$157,935.94	\$33,556.50	\$191,492.44
	<hr/>	<hr/>	<hr/>
<u>ADMINISTRATION</u>			
Directors' fees	\$ 1,125.00		\$ 1,125.00
Rent and office services	9,000.00	\$ 1,250.00	10,250.00
Legal and audit	7,543.81	1,000.00	8,543.81
Transfer agency fees	5,487.57		5,487.57
Shareholders' reports	5,225.37	151.65	5,377.02
Share certificate expense	1,975.65	602.11	2,577.76
Toronto Stock Exchange fees and expense	2,084.82	100.00	2,184.82
Printing, stationery and office expense	51.92		51.92
Telephone and telegraph	2,160.77	239.01	2,399.78
Annual filing fees	60.00		60.00
Capital and place of business tax	319.29		319.29
Other expenses	1,123.67	108.96	1,232.63
	<hr/>	<hr/>	<hr/>
	\$ 36,157.87	\$ 3,451.73	\$ 39,609.60
	<hr/>	<hr/>	<hr/>
TOTAL DEFERRED EXPENDITURE	<u>\$194,093.81</u>	<u>\$37,008.23</u>	<u>\$231,102.04</u>

CANADIAN NISTO MINES LIMITED

STATEMENT OF SOURCE AND APPLICATION OF FUNDS

For the 5 months ended May 31, 1968

FUNDS MADE AVAILABLE

N i l

FUNDS APPLIED

Exploration and administrative expenditure	\$37,008.23
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Participation in mining syndicates	250.00
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\$37,258.23

DECREASE IN WORKING CAPITAL

37,258.23

WORKING CAPITAL AT JANUARY 1, 1968

75,469.32

WORKING CAPITAL AT MAY 31, 1968

\$38,211.09

MARKETABLE SECURITIES

May 31, 1968

Cost

Quoted
Market
Value

4,000 Common shares - Mogul Mining Limited	<u>\$21,095.00</u>	<u>\$20,000.00</u>
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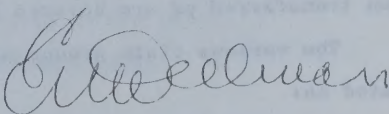
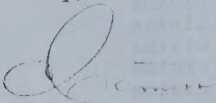
PROVINCE OF ONTARIO)	IN THE MATTER of
)	CANADIAN NISTO MINES LIMITED
COUNTY OF YORK)	(the "Company")
)	
TO WIT:)	AND IN THE MATTER of
)	an Agreement between the
)	Company and Elmore M. Dillman
)	dated July 8, 1968.

I, ELMORE M. DILLMAN, of Cooksville, Ontatio,
DO SOLEMNLY DECLARE THAT:

1. I am one and the same person as Elmore M. Dillman who is a party to the Agreement with the Company dated July 8, 1968 and as such have full knowledge of all matters therein declared.
2. The 1,245 mining claims referred to in the Agreement were staked for me during 1967 and the total cost of the staking of those claims was \$51,217.75. All of the staking costs have been paid in full.
3. Except for the right of certain individuals who receive among them 10% of the vendor shares of any company which may be formed on any of the claims, there is no person or company having any interest in the mining claims other than myself.
4. During 1967 aerial surveys to the extent of some 15,000 miles were carried out at my expense and the total cost of the same and related charges was \$38,417.11, all of which was paid by me.
5. In 1968 to date, I have incurred expenses of \$8,185.33 in mobilization of a base camp and supplies, and a further \$2,130.00 as development license fees.
6. No person or company is entitled to receive from me or will receive from me any part of any money which shall be paid to me by Canadian Nisto Mines Limited as consideration under the said Agreement between the Company and me.

AND I make this solemn Declaration conscientiously believing it to be true, and knowing that it is of the same force and effect as if made under oath, and by virtue of "The Canada Evidence Act."

DECLARED before me at the)
City of Toronto, in the)
County of York, this 1,)
day of July, 1968.)

A Commissioner, etc.

ENGINEER'S REPORT
GEOSEARCH CONSULTANTS LIMITED

PRELIMINARY REPORT
on
JOHAN BEETZ PROJECT
for
CANADIAN NISTO MINES LIMITED

JUNE 24th, 1968.

SUMMARY

This report discusses the results obtained from over 15,000 miles of aerial radiometric surveys east of Havre St. Pierre in 1967. To acquire rights on most of the radioactive areas discovered, 1060 claims were staked. An additional 185 claims were staked as a copper prospect.

An evaluation of the aerial data has disclosed 41 areas which appear to merit ground examination and sampling to determine their uranium content. The estimated cost of this initial work is \$95,900.00.

INTRODUCTION

This report is prepared for Canadian Nisto Mines Limited to describe the results of an exploration project undertaken in 1967 along the north shore of the St. Lawrence. The work was financed and directed by Mr. E. M. Dillman. In the preparation of this report the author plotted and compiled aerial survey data, and used information provided by the Quebec Department of Natural Resources. No attempt was made to examine the claims since they were inaccessible due to breakup conditions.

DESCRIPTION

The properties consist of 1245 unpatented mining claims in 11 groups. The actual license and claim numbers and expiry dates are shown in an appendix. 1060 of the claims have had sufficient work performed by way of aerial surveys to meet the assessment work requirements for an additional year.

Title documents for all claims were examined. These have all been transferred or are covered by valid transfers to E.M. Dillman,

The various claim groups are described separately and are designated as:

Aquanus Group	-	21 claims
Boundary Group	-	24 claims
Costebelle Group	-	504 claims
Drucourt Group	-	20 claims
Kegaska Group	-	212 claims
Musquaro Group	-	105 claims
Nabespi Group	-	40 claims
Nobel Group	-	185 claims
North Group	-	74 claims
Pashashibu Group	-	25 claims
Sanson Group	-	<u>35 claims</u>
Total	-	1245 claims

LOCATION AND ACCESS

The claim groups are irregularly distributed in an area extending from 50 miles northeast to 112 miles east of the town of Havre St. Pierre. While several properties are at or near the coast, the best access for exploration purposes is by charter aircraft from the base at Havre St. Pierre.

GENERAL GEOLOGY

All of the claims are staked in the Grenville rocks of the Canadian Precambrian Shield. Air photo examination and published geological maps show the typical broadly contorted gneisses, schists and metasediments cut by pegmatites and acid, and intermediate intrusive rocks. Published geological maps at a scale of one mile are available for all but the Kegaska Group.

AERIAL RADIATION SURVEY

Based on 300 hours of aircraft time (utilizing a float equipped Cessna 180 aircraft at a near terrain clearance of 100 feet), it is estimated that the prospecting venture included between 15,000 and 20,000 line miles of aerial survey at quarter mile line spacing. All the areas selected for staking were reflight at a different flight direction to check the extent, location and intensity of the original anomalous features.

Radiation measurements were made with a Scintrex SC-1 scintillometer, with a 4" x 5" sodium iodide crystal, reading out to an Esterline Argos recorder. The variable threshold was set slightly below the 1.76 energy level of uranium. For control, manual fiducial marks were simultaneously marked on 1/50,000 topographic maps and recorder tapes. The data in the vicinity of the various claim groups is plotted on the accompanying maps at half mile scale.

SURVEY RESULTS

To roughly assist in the interpretation of the survey data, test lines were flown over an uraniferous pegmatite on the Canadian Nisto property in Courtemanche Township. At this location the pegmatite is described at 10 feet wide with an average uranium content on surface of 1.4 pounds U_3O_8 per ton by chemical analysis. Only those areas where the anomaly characteristics such as amplitude and shape are equal to or better than the Courtemanche test are assigned any priority in this report.

The writer is aware that some of the other lower amplitude features may represent commercial concentrations of radioactive elements, but it is felt that some system of priorities is necessary at this stage of the project.

In addition to the 41 priority anomalies selected in the various claim groups, several other anomalous features were picked up during the aerial surveys, but not staked. For security reasons these are not included in the data presented in this report.

COSTEBELLE AND PASHASHIBU GROUPS

LOCATION

The Costebelle Group of 504 claims embraces most of the central part of Costebelle Township. The Pashashibu Group of 25 claims is in the southwest quarter of the township, 1 mile from the coast.

GEOLOGY

Blais (1955) indicates that both groups cover antioclinal structures in banded granitic gneiss. These structures are defined by gabbro and amphibolite members. Pink granite intrusives have been mapped at several locations within the gneiss. The radioactivity on the Pashashibu group is confined to a linear area mapped as granite.

AERIAL SURVEY RESULTS

Seventeen strong, definite, higher priority radioactive features are located on the two groups. Mr. Dillman checked one of these features and found that most of the radioactivity was caused by thorium.

KEGASHKA GROUP

LOCATION

The 212 claims of this property are for the most part in Township 982, northeast of the Kegashka Lake. The nearest settlement is Musquaro Village, 18 miles to the southeast. Air distance from Havre St. Pierre is 100 miles.

GEOLOGY

This area has never been geologically mapped. Air photo studies suggest that most of the outcrops are 'microperthite' granite and granite gneiss.

AERIAL SURVEY RESULTS

Background radioactivity is generally high in this vicinity. A series of higher priority features have amplitudes of 1.5 to 2.3 times background. Ten areas, most with topographic relief have been selected for ground followup. One anomaly, in low ground in the north central part of the group may have stronger comparative radioactivity in ground investigation.

MUSQUARO GROUP

LOCATION

The 105 claims at this location includes islands and the bed of the St. Lawrence River. They extend for four miles north of Cap Rouge. Air distance east from Havre St. Pierre is 112 miles.

GEOLOGY

Claveau (1950) indicates from observations along the coast that the claims are underlain by a mass of 'microperthite' granite intruding gneissic granite and banded gneisses of sedimentary origin. Most of the radioactive features are located near the 'microperthite' granite contact.

AERIAL SURVEY RESULTS

Five higher priority features were located from the air. Two of these, within the 'microperthite' granite, each had strike lengths of 1 mile.

NORTH, AQUANUS, NABESPI AND BOUNDARY CLAIMS

LOCATION

The four groups which include a total of 159 claims are staked near the common corners of La Richardiere, Costebelle, 1078 & 1079 townships. The average air distance to Havre St. Pierre is 68 miles.

GEOLOGY

McPhee (1958) and Blais (1955) have mapped outcrops on all the four groups.

North Group - Northwest-trending pegmatites cut gneissic granite. Some quartzite remnants are present, as well as small bodies of pink massive granite.

Aquanus Group - An east-west quartzite remnant outcrops along the north boundary, in contact with gneissic granite.

Nabespi Group - All outcrops noted are gneissic granite.

Boundary Group - A contact between gneissic biotite granite and augen gneiss trends northwesterly through the claims.

AERIAL SURVEY RESULTS

North Group - Three moderate priority anomalies were picked up in various flight directions with amplitudes around twice background. One of these occurs over a wide lens of pegmatite.

Aquanus Group - One moderate radioactive zone trends easterly across the north central part of the zone near a gneissic granite-quartzite contact.

Nabespi Group - Two north-striking narrow zones were de-

tected along the fold axis in gneissic granite.

Boundary Group - A well defined linear zone of radioactivity runs in gneissic biotite granite east of and parallel to a contact with older augen gneiss. This radioactive feature shows sharp topographic relief on air photos, and may be related to a wide pegmatite dyke.

DRUCOURT GROUP

LOCATION

The 20 claims are in the east central part of Drucourt Township, 44 miles east of Havre St. Pierre.

GEOLOGY

Blais (1955) indicates that the claims cover a fold axis in augen gneiss and banded granitic gneiss. Bodies of pink granite were also mapped on the claims.

AERIAL SURVEY RESULTS

A series of moderate anomalies occur in the vicinity of a pink granite intrusive, and one priority anomaly was noted near the south boundary in banded granitic gneiss.

SANSON GROUP

LOCATION

The 35 claims are staked in Township 1374 - 50 miles northeast of Havre St. Pierre.

GEOLOGY

Longley (1942) indicates that the area of the claims covers part of the south end of the Buit Lake granite mass, and adjoining contact altered schists. Dykes of pegmatite are common in the granite. The sharp valley of Lebrun Brook may represent a fault trace. Copper mineralization is reported from a schist inclusion to the north.

AERIAL RESULTS

A local radioactive feature was located roughly in the Lebrun Brook valley.

NOBEL GROUP

LOCATION

The 185 claims are in one block occupying the northwest corner of Township 1375, 52 miles northeast of Havre St. Pierre.

GEOLOGY

Claveau (1943) has mapped bedrock on the claims as mica schists and impure quartzites, north of the Metivier Lake biotite granite mass. The metasediments are cut by a series of north trending sills and dykes of diabasic gabbro and other intermediate intrusives.

MINERAL DEPOSITS

In the northwest corner of the claim group, Claveau describes one showing as follows:-

"The feldspathic gabbro is mineralized with disseminated pyrite, ilmenite, chalcopyrite and pyrrhotite. The mineralized part of the rock appears almost white, and the large amount of sodic feldspar introduced has replaced the original constituents of the gabbro" (Retranslated from French).

Claveau (1943) and Longley (1942) mention twelve other chalcopyrite showings within 6 miles of this claim group.

DEVELOPMENT

The only exploration work done on the claims has been the aerial survey referred to above. There has been no underground development on the claims.

MINERAL DEPOSITS

There have been no deposits of commercial ore so far discovered on the properties, and the suggested exploration program is a search for ore.

Uranium values have been reported from various properties in Desherbiers and Courtemanche townships, notably the Grandroy, Canadian Nisto and Consolidated Morrison properties. In most cases the uranium mineralization is localized in pegmatites.

Widespread pegmatites are known to exist to the east of Desherbiers Township, in an area extending roughly twenty miles north from the coast. Cooper (personal communication) suggests that this northern termination is a function of the depth of erosion.

The radioactive features staked during the program are in the most part considered to represent concentrations of radioactive minerals in pegmatites. The characteristics of the aerial anomalies staked are of higher amplitude than those located over various uranium showings in Courtemanche and Desherbiers Townships. These higher amplitudes suggest a higher radioactive mineral content. However, because of other factors such as mass effect, soil cover, etc., no assumption of higher uranium values is actually possible.

RECOMMENDATIONS

To determine the economic merit of the various aerial indications, a program of ground evaluation and sampling is necessary. It is estimated that this will require the services of three, two-man prospecting teams on various groups, supported by a geologist and several assistants. Both helicopter and fixed wing aircraft support will also be required. Ground parties should be equipped sufficiently to both locate and, if warranted, to sample in detail each radioactive feature.

ESTIMATED COSTS

BASE CAMP AND SUPERVISION

Fixed Wing Aircraft	\$ 5,000.00	
Helicopter	3,000.00	
Payroll and expenses	10,000.00	
Equipment and assays	6,000.00	
		\$24,000.00

COSTABELLE AND PASHASHIBUT GROUPS

Mobilization	1,000.00	
Base camps, gas, etc.	5,000.00	
Helicopter	11,500.00	
Payroll and expenses	4,000.00	
Equipment, overhead	3,500.00	
Acreage Taxes to July 15 th	6,000.00	
		31,000.00

KEGASHKA GROUP

Mobilization	600.00	
Payroll and expenses	1,400.00	
Equipment, overhead	1,500.00	
		3,500.00

MUSQUARO GROUP

Mobilization	1,300.00	
Payroll and expenses	600.00	
Equipment, overhead	2,500.00	
		4,400.00

NORTH, AGUANUS, NABESPI, BOUNDARY GROUPS

Mobilization	500.00	
Base Camps, gas, etc.	1,500.00	
Helicopter	3,000.00	
Payroll and expenses	1,200.00	
Equipment, overhead	2,000.00	
		8,200.00

DRUCOURT GROUP

Mobilization	200.00	
Helicopter	400.00	
Payroll and expenses	200.00	
Equipment and overhead	300.00	
		1,100.00

SANSON GROUP

Mobilization	750.00	
Aircraft	250.00	
Payroll and expenses	700.00	
Equipment, overhead	1,500.00	
		3,200.00

NOBEL GROUP

Mobilization	\$ 500.00	
Transportation	300.00	
Payroll and expenses	1500.00	
Overhead, equipment	500.00	
		<u>\$2,800.00</u>
Total Field Costs	\$77,900.00	
Provision for Acreage Taxes - July 1 to Sept. 30th	2,000.00	
Contingencies, Travel, general supervision and compilation.	<u>16,000.00</u>	
TOTAL -	\$95,900.00	

These costs embrace the period July 1st to September 30th,
1968. No provision is made for diamond drilling or development costs
other than surface sampling.

Respectfully submitted,

Fenton Scott
Fenton Scott, P. Eng.

FS/ds



CERTIFICATE

With reference to this report for Canadian Nisto Mines Ltd.,
I wish to state that:

- (1) I am a geologist, residing at 17 Malabar Place, Don Mills, Ont.
- (2) I graduated from the University of New Brunswick in 1948, and
have practised my profession continuously for the past 20 years.
- (3) I am registered as a Professional Engineer in the Province of
Ontario, and am a member of the Canadian Institute of Mining and
Metallurgy and a fellow of the Geological Association of Canada.
- (4) This report is not based on a personal examination of the prop-
erties, but is based on:
 - (a) Air photo studies over each group.
 - (b) The compilation and evaluation of all the pertinent data
from the aerial radiation survey.
 - (c) Staking maps and title documents supplied by the Quebec
Department of Natural Resources.
 - (d) A study of all published geological information on the aread
covered.
 - (e) The examination of similar prospects in the ,eneral region
over the past ten years.
- (5) I do not own, or expect to receive, any direct or indirect interest
in the properties covered by this report, nor am I the beneficial
owner, either directly or indirectly in any securities of Canadian
Nisto Mines Limited or any affiliate.

signed

Fenton Scott
FENTON SCOTT, P. ENG.

June 24/1968



15. Names, addresses and shareholdings of five largest registered shareholders and if shareholdings are pooled or escrowed, so stating. If shares are registered in names of nominees or in street names, give names of beneficial owners, if possible, and if names are not those of beneficial owners so state.	According to the records of the Company's share registrar and transfer agent: Standard Securities Limited, 343,020 shares 185 Bay Street, Toronto. Doherty, Roadhouse & McCuaig Bros., 203,479 " 335 Bay Street, Toronto. S.J. Brooks & Co., 129,097 " formerly at 185 Bay St., Toronto Roytor & Co. No.1 Account 100,000 " c/o The Royal Bank of Canada, Toronto. Pago Mining Limited, 100,000 " 25 King Street West, Toronto The Company does not know which, if any, of the above shares are beneficially owned by the registered holders, and does not know the beneficial holders in any event, except that E. M. Dillman the President of the Company beneficially owns 44,478 shares of the Company which are included in the foregoing.								
16. Names, and addresses of persons whose shareholdings are large enough to materially affect control of the company.	The directors do not know of any such person or persons. The continuation of the present directors in office is dependent upon their soliciting proxies from shareholders in sufficient number to cause their re-election.								
17. If assets include investments in the shares or other securities of other companies, give an itemized statement thereof showing cost or book value and present market value.	<table><thead><tr><th></th><th></th><th>Book Value</th><th>Market Value</th></tr></thead><tbody><tr><td>4,000 Common shares</td><td>Mogul Mining Limited</td><td>\$21,095.00</td><td>\$20,000.00</td></tr></tbody></table>			Book Value	Market Value	4,000 Common shares	Mogul Mining Limited	\$21,095.00	\$20,000.00
		Book Value	Market Value						
4,000 Common shares	Mogul Mining Limited	\$21,095.00	\$20,000.00						
18. Brief statement of any lawsuits pending or in process against company or its properties.	None								
19. The dates of and parties to and the general nature of every material contract entered into by the company which is still in effect and is not disclosed in the foregoing.	None								
20. Statement of any other material facts and if none, so state. Also state whether any shares of the company are in the course of primary distribution to the public.	No shares of the Company are presently in primary distribution to the public. Shares which shall be purchased by shareholders under the proposed rights offering may be offered and sold by them by way of secondary distribution. Shares which Denison Mines Limited aforesaid may be called upon to purchase pursuant to its commitment outlined in Item 6 hereof are being purchased for investment purposes and not with a view to re-sale or distribution. Such shares may only be offered at a later date in compliance with the provisions of The Securities Act, 1966. There are no other material facts.								

CERTIFICATE OF THE COMPANY

DATED August 9, 1968.

The foregoing, together with the financial information and other reports where required, constitutes full, true and plain disclosure of all material facts in respect of the matters referred to in Item 1 above and in respect of the company's affairs and there is no further material information applicable. (To be signed by two principal signing officers who are directors and the corporate seal to be affixed.)

CANADIAN NISTO MINES LIMITED
CORPORATE SEAL

"E.M. Dillman" Per: _____
"J. Ross" Per: _____

CERTIFICATE OF UNDERWRITER OR OPTIONEE

To the best of my knowledge, information and belief, the foregoing, together with the financial information and the reports where required, constitutes full, true and plain disclosure of all material facts in respect of the matters referred to in Item 1 above in respect of the company's affairs. Concerning matters which are not within my knowledge, I have relied upon the accuracy and adequacy of the information supplied to me by the company. (To be signed by underwriter or optionee registered with the Ontario Securities Commission or a corresponding body.)